

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.

**THE RYE SITUATION AND THE 1936-39 RYE
PRODUCTION ADJUSTMENT PROGRAM**

In amending the Agricultural Adjustment Act on April 7, 1934, Congress designated rye as a basic commodity for the purposes of the Act. The Agricultural Adjustment Administration made a careful study of the rye situation, especially in respect to a processing tax on rye and adjustment payments for rye growers. During the crop year 1934-35 rye continued to be on an import basis, as in the previous crop year, and no action was taken to establish a rye adjustment program. The crop report of the United States Department of Agriculture as of June 1, 1935, indicated a large production of rye, and on July 2, 1935, the Secretary of Agriculture issued a proclamation stating that a rye adjustment program would be initiated and that rye-adjustment payments would be made. On August 24, 1935, the President signed amendments to the Agricultural Adjustment Act which provided for a processing tax, effective September 1, 1935, of 30 cents per bushel on the amount of rye processed for domestic human consumption. The Secretary of Agriculture, on October 16, 1935, issued a proclamation definitely setting up the rye-adjustment program, under which rye adjustment contracts are now being offered to rye growers.

QUESTION AND ANSWER SUMMARY

FOR INFORMATION OF ALL RYE GROWERS

I. PRESENT RYE SITUATION

Question 1. What was the average acreage and the average production of rye in the United States in recent years?

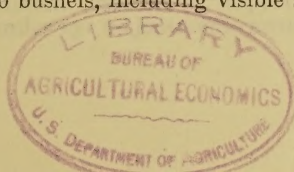
Answer. The average acreage of rye harvested as grain in the 3-year period 1930-32 was 3,353,000 acres. The average annual production of rye for the 5-year period 1928-32 was 38,655,000 bushels.

Question 2. What are the average annual requirements of rye in this country?

Answer. The average annual disappearance of rye for domestic use for the 5 crop years 1929-30 to 1933-34, inclusive, was 35,814,000 bushels. This figure includes the rye used for bread, for distilling, for seed, and as feed for livestock.

Question 3. How much rye grain is available for consumption in this country for the 1935-36 crop year?

Answer. The 1935 crop of rye is estimated at 52,236,000 bushels. The amount of rye carried over on July 1, 1935, was estimated to have been 11,400,000 bushels, including visible supply and stocks on



farms. This, added to the estimated 1935 crop, indicates total supply of 63,636,000 bushels.

Question 4. Have United States exports of rye declined in recent years?

Answer. Our net exports of rye, including flour, averaged 31,080,000 bushels for the 10-year period July 1, 1919, to June 30, 1928, inclusive. Since the 1928-29 crop year our net exports have been very small, and, because of drought, the United States was a net importer of rye in the crop years 1933-34 and 1934-35.

Question 5. What has caused the decline in foreign demand for United States rye?

Answer. Some foreign countries have increased their rye production since 1919, and some now have import quotas or subsidize their exports of rye, which greatly limits our export outlets.

Question 6. What is the present United States tariff on foreign rye?

Answer. It is 15 cents per bushel of 56 pounds.

Question 7. Did rye prices reach fair-exchange value in the crop year 1934-35?

Answer. No. The average farm price in the United States in the 1934-35 crop year was 71.3 cents per bushel, as compared with a fair-exchange price of 92.9 cents for the same period. The average farm price on September 15, 1935, was 36.5 cents per bushel.

II. OBJECTIVES OF THE RYE ADJUSTMENT PROGRAM

Question 8. What is the main objective of the rye adjustment program?

Answer. To secure for the farmers of this country a fair-exchange price for rye marketed as grain.

Question 9. What is considered to be a fair-exchange farm price for rye?

Answer. A fair-exchange farm price for rye grain is that price which gives a bushel of rye a purchasing power, in terms of the things the farmer buys, as nearly as possible equal to the purchasing power which a bushel of rye had in the 5-year pre-war period August 1909-July 1914. Such a price is called the "parity" price.

Question 10. Why is the period August 1909-July 1914 used as the period for determining "parity"?

Answer. This is the period designated by Congress in the Agricultural Adjustment Act. It seemed that in this period there was a good balance between prices of the things farmers sold and the prices of things they bought.

Question 11. What are secondary objectives of the rye-adjustment program?

Answer. To adjust rye production to domestic requirements and foreign demand, and to prevent an accumulation of such surplus stocks of rye in the United States as would depress farm prices for rye.

Question 12. How is it proposed to reach the objectives of the rye-adjustment program?

Answer. Through adjustments in harvested acreage of rye by rye producers in accordance with rye-adjustment contracts entered into by producers with the Secretary of Agriculture.

Question 13. What will be the basis for making the adjustment payments to producers who enter into rye adjustment contracts?

Answer. Those producers will be paid adjustment payments approximately equal to the difference between "parity" price and the average farm price of rye in the United States. Payments will be made on that part of their average annual rye production used for domestic human consumption.

III. PROVISIONS OF THE 1936-39 RYE ADJUSTMENT PROGRAM

GENERAL INFORMATION

Question 14. Are rye growers required to place their farms under rye adjustment contracts?

Answer. No. The matter of placing a farm under a rye adjustment contract is an entirely voluntary act on the part of the owner and/or the tenant of the farm.

Question 15. What farms may be placed under rye adjustment contracts?

Answer. All farms on which rye was harvested as grain in one or more of the years 1930, 1931, and 1932, or on which rye was harvested as grain in any two of the years 1933, 1934, and 1935, may be placed under rye adjustment contracts.

Question 16. What years will the rye adjustment contract cover?

Answer. It will cover the 4 crop years 1936, 1937, 1938, and 1939.

Question 17. Who will handle the applications for rye adjustment contracts and rye adjustment contracts for a county or district?

Answer. Applications and contracts for a county or district will be handled by the county or district wheat production control association in all cases where such an organization already exists. If there is no such organization, a county or district grain production control association may be organized. The county agricultural agents will assist in getting the program under way.

Question 18. What does the rye adjustment contract require of the producer in regard to rye acreage harvested as grain?

Answer. To harvest as grain, in any of the contract years, not more than 75 percent of the base rye acreage determined for the farm he operates, unless the Secretary of Agriculture announces, for any year, that a larger percentage may be harvested.

Question 19. What is required of a producer operating a farm under a rye adjustment contract in respect to another farm or farms not placed under rye adjustment contracts?

Answer. The acreage of rye to be harvested as grain on a non-contracted farm or farms for any contract year shall not be increased to the extent of offsetting the acreage reduction of rye to be harvested as grain required on the farm under contract.

Question 20. Is there any restriction under the rye adjustment contract as to the acreage of rye which may be seeded on a farm in any of the contract years?

Answer. There is no restriction upon the acreage of rye seeded on a farm in any contract year. The reduction of acreage under the contract applies to that acreage which may be harvested as grain.

Question 21. What is "adjusted acreage" under the rye adjustment contract?

Answer. Adjusted acreage is land on a farm which the signer of a rye-adjustment contract agrees to use in the ways specified in the contract or to handle in such other ways as may be permitted under the administrative rulings.

Question 22. How is the amount of the adjusted acreage for rye to be calculated for a farm for any contract year?

Answer. By subtracting the acreage of rye which for any contract year is permitted to be harvested as grain from the base rye acreage for that year as specified in the contract.

Question 23. What uses are specified for adjusted acreage?

Answer. Soil-improving or erosion-preventing crops, pasture, fallow, forest trees, and such other uses, or handling for such purposes, as the Secretary of Agriculture may prescribe. The acreage so specified under the contract must include, in addition to the acreage normally devoted to such uses, the adjusted acreage required under other commodity contracts relating to the farm.

Question 24. May land seeded to rye be accepted as adjusted acreage?

Answer. Land seeded to rye may be accepted as adjusted acreage, but acreage of rye so designated shall not be allowed to mature for harvesting as grain or for feeding to livestock.

ADJUSTMENT PAYMENTS

Question 25. What are adjustment payments?

Answer. Adjustment payments are amounts of money which will be paid to producers under rye adjustment contracts for their cooperation in carrying out the rye adjustment program.

Question 26. How are adjustment payments for a farm determined?

Answer. By multiplying the adjustment payment in cents per bushel, as determined by the Secretary of Agriculture, by the number of bushels in the farm allotment. Each producer's share of the local expense for operating the adjustment program will be deducted from his adjustment payment.

Question 27. What is the farm allotment?

Answer. The farm allotment for rye is 30 percent of the average annual production in bushels as determined for a farm. Thirty

percent is that part of the average rye production of this country used for human consumption in the United States.

Question 23. What will be the total adjustment payment per bushel for 1936?

Answer. The total adjustment payment for 1936, as determined by the Secretary of Agriculture, will be approximately 35 cents per bushel of the farm allotment.

Question 29. Will the rye adjustment payments be made in full if there is a failure of the rye crop?

Answer. Yes. The adjustment payment will be paid in full, if 54 percent of the base acreage is seeded to rye in a workmanlike manner and the other provisions of the contract are carried out.

Question 30. When will the payment for 1936 be paid to the cooperating producers?

Answer. The first installment of this payment, 20 cents per bushel, will be paid as soon as possible after certification of the number of acres intended to be harvested as grain on the farm for 1936 has been completed. The second installment of the payment will be paid in the fall of 1936, as soon as possible after proof of compliance with the terms of the contract has been submitted in the summer of 1936.

Question 31. What is the basis for determining, for each contract year, the amount per bushel of adjustment payments?

Answer. The rye adjustment contract provides, in general, that the adjustment payment per bushel for each contract year shall be the difference between the average farm price of rye in the United States for the year in which the crop was marketed and the parity price of rye for that year as determined by the United States Department of Agriculture.

Question 32. How are adjustment payments to be divided between landlord and tenant?

Answer. In general, the division of the adjustment payment between landlord and tenant will be in the same proportion as the division of the rye harvested as grain in the contract years.

DETERMINATION OF AVERAGE ANNUAL RYE ACREAGE AND AVERAGE ANNUAL PRODUCTION OF RYE FOR A FARM UNDER A RYE ADJUSTMENT CONTRACT

Question 33. What are the base-period years for a farm in the rye adjustment program?

Answer. The standard base period years are 1930, 1931, and 1932; the new base period years are 1933, 1934, and 1935.

Question 34. Under the standard base period plan, how is the average annual rye acreage for a farm determined?

Answer. By dividing the sum of the acreage of rye harvested as grain in 1930, 1931, and 1932 by 3, and by multiplying this number of acres by 85 percent, by 90 percent, by 95 percent, or by 100 percent, depending upon whether rye was seeded for harvest as grain in none, in 1, in 2, or in 3 of the years of the new base period.

Question 35. Under the new base period plan, how is the average annual rye acreage for a farm determined?

Answer. The average annual rye acreage will be determined by the allotment committee of the county or district production control association and be allotted from the acreage available for the new base period farms. The acreage available includes the average annual rye acreage of farms transferred from the standard base period to the new base period and the acreage not allotted to standard base period farms because they did not seed rye for harvest as grain in each of the years of the new base period.

Question 36. How is the average annual production for a farm determined?

Answer. (1) For a standard base period farm, the average annual rye production is the average annual rye acreage multiplied by the estimated average yield per acre in the 5 years, 1928, 1929, 1930, 1931, and 1932 for that farm, as established by the community and county allotment committees. (2) For a new base period farm the average annual rye production is two-thirds of the product obtained by multiplying the average annual rye acreage by the estimated yield per acre for that farm, as established by the community and the county allotment committees.

INDIVIDUAL FARM EXAMPLES

A. COMPUTATIONS UNDER STANDARD BASE PERIOD

Assume rye was harvested as grain in each of the years 1930, 1931, and 1932.

Assume rye was seeded for harvest as grain in one of the years 1933, 1934, and 1935.

	Acres harvested as grain		Acres seeded for harvest as grain
1930-----	20	1933-----	0
1931-----	15	1934-----	45
1932-----	25	1935-----	0
	<hr/>		
	+3)60		
	<hr/>		
	20	Average.	
	×.90	Percent used because rye was grown in	
	<hr/>	one year only of the new base period. ¹	
	18	Average annual rye acreage.	
	×15	Estimated average yield per acre in bushels.	
	<hr/>		
	270	Average annual rye production in bushels.	
	×.30	Percent of average annual production on	
	<hr/>	which adjustment payments are made.	
	81	Farm allotment for this farm in bushels.	
	×\$0.20	Rate per bushel of first installment of 1936	
	<hr/>	adjustment payment.	
	\$16.20	Amount of first installment of 1936 adjust-	
		ment payment.	

Acreage to be harvested as grain would be 75 percent of 18, or 13.5 acres, unless the Secretary of Agriculture authorizes the harvesting of a larger percentage.

¹This factor is 85, 90, 95, or 100, depending on whether rye had been seeded for harvest as grain in none, in 1, in 2, or in 3 years, respectively, in the new base period.

B. COMPUTATIONS UNDER NEW BASE PERIOD

Assume rye was not harvested as grain on this farm in any of the years, 1930, 1931, and 1932.

Assume rye was harvested as grain in each of the years 1933, 1934, and 1935.

	<i>Acres harvested as grain</i>
1933-----	50
1934-----	10
1935-----	40
	<hr/>
	290 Total acreage in 2 highest years.
	<hr/>
	45 Average of 2 highest years.

Assume that in determining average annual rye acreages for new base period farms, by allotment from the new base period acreage pool, this farm is given 25 acres.

25	Average annual rye acreage.
×15	Estimated average yield per acre in bushels.
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375	Ruling No. 9 B ($\frac{1}{2}$ of 375=250).
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250	Average annual rye production in bushels.
×.30	Percent of average annual production on which adjustment payments are made.
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75	Farm allotment for this farm in bushels.
×\$0.20	Rate per bushel of first 1936 adjustment payment.
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\$15.00	Amount of first 1936 adjustment payment.

Acreage to be harvested as grain would be 75 percent of 25, or 18.8 acres, unless the Secretary of Agriculture authorizes the harvesting of a larger percentage.

Question 37. Upon what conditions may a farm be transferred, for the determination of average annual rye acreage and average annual rye production, from the standard base period to the new base period plan?

Answer. A farm may be transferred from the standard base period plan to the new base period plan only upon the following conditions: (1) That the average annual acreage of rye harvested as grain in 1930, 1931, and 1932 on that farm was less than the average annual acreage of rye harvested as grain for any 2 of the 3 years 1933, 1934, and 1935; and (2) That the request for transfer of the farm from the standard base period plan to the new base period plan was in writing on the application for a rye adjustment contract.

ADDITIONAL INFORMATION

Question 38. When will the adjustment payments for each year after 1936 be paid?

Answer. (1) The first installment for each year after 1936 in which the rye adjustment contract is in force, and which shall be approximately two-thirds of the payment for that year, will be made as soon as practicable after proof, satisfactory to the Secretary of Agriculture, of compliance with the terms of the contract for that year. (2) The second installment shall be made as soon as prac-

ticable after satisfactory proof of compliance for the next succeeding contract year has been furnished, except that the second payment for 1939 will be payable as soon as practicable after satisfactory proof of compliance for 1939 has been furnished.

Question 39. Does the rye adjustment contract provide that an acreage of rye should be seeded for harvest in each of the contract years?

Answer. It provides that there should be seeded for harvest in each of the contract years at least 54 percent of the base rye acreage for that year.

Question 40. Does the rye adjustment program make special provision for farms on which an alternate summer-fallow system or other crop rotation has been practiced?

Answer. Yes. The administrative rulings have provisions under which a farm practicing a definite crop-rotation system may continue that cropping system.

Question 41. What tract, or tracts, of land should be placed under a single rye adjustment contract?

Answer. Generally speaking, each farm (consisting of one or more tracts) owned by an individual, partnership, firm, or corporation, or each tract of land operated by a tenant, either as an individual, a partnership, a firm, or a corporation, should be placed under a single contract.

Question 42. In case of sale or transfer of a farm under a rye adjustment contract, does the contract continue in force? In such case, who receives the adjustment payments?

Answer. The administrative rulings provide for the continuance in force of the rye adjustment contract upon the sale or transfer of land under contract, and also for an equitable distribution of adjustment payments following such sale or transfer.

Question 43. May the rye adjustment contract be terminated by a contract signer before the end of the contract years?

Answer. The contract signer may terminate his rye adjustment contract at the end of the contract year 1937, under provisions of the administrative rulings, which are in effect part of the contract.

Question 44. May the rye adjustment program be terminated or suspended by the Secretary of Agriculture?

Answer. The Secretary of Agriculture may terminate the rye adjustment program at the end of any contract year by proclamation made not later than July 1 of that year, or he may suspend the program for any one year of the 4-year contract period by proclamation made not later than July 1 of the previous contract year.